

Market Research

The goal of this report is to assess the marketability of tree nursery products. This involves identifying target customers, target markets, product marketability and pricing. Conclusions are drawn on the basis of primary and secondary research, as a guideline for development of the business.

Identifying the target customer base

The primary consideration in looking at customers for trees and shrubs is people with access to land, either through a garden or an allotment.

Most nursery products are also to some extent an investment that matures over time and could potentially last many decades. This means people living in short term rented accommodation would be less interested. The primary demographics then are home-owners and gardeners with allotments.

The survey in section 3 is of a range of people who either have a garden or allotment or access to land and an interest in gardening.

Potential markets: local and national

The aim of this business is to display the available stock on a website and arrange marketing around that, as an online shop.

This will include marketing to both **local markets**; predominantly through word of mouth but including flyers, posters, and the use of mailing lists used by local groups and existing outlets such as the Food Hub, and **national markets**; which will be purely internet based and make use of both social media for promotion and pay-per-click directed advertising to generate traffic.

Marketability of products

Marketability depends on a number of things including unique selling points, presentation, branding and so on. I have previous experience with online marketing, creating e-commerce systems and branding.

I aim to propagate a range of traditional fruit and nut trees which are low-maintenance and produce good crops, and currently have a selection of around 20 fruit and nut trees and a number of fruit bushes in my stock garden. Each of these are varieties specially selected for specific characteristics such as hardiness, disease resistance and favourable pollination characteristics. This will provide the finished products with clear selling points that can be easily communicated to customers, whether on a personal basis or through online.

I also aim to produce a number of more exotic species, such as the Siberian Pea Tree and Trifoliate Orange – an Asian citrus tree that can grow in the British climate – and have already had a number of people showing interest in these more unusual plants.

Assessing pricing

An assessment of general market prices is done below via secondary research of competitors' pricing. This provides a general guide for the price structure of the more common groups of fruit and nut trees.

There is scope to apply additional markup to some of the more exotic products, based on uniqueness or rarity. If a potential customer has never even heard of a certain plant before, but is nonetheless excited about it, the “price elasticity” (that is, the relationship between the altering of the price and the number of units sold) increases greatly.

Secondary Research

1-year old (or “maiden”) trees are the most commonly sold, as this is the best time to transplant and sell them.

Two or more year old trees can be sold at a higher price, which can be done when if there are any trees not sold in a given season, but the increased maintenance and space taken up by the products doesn't translate into substantially larger profits, though it does mean that unsold stock can still be marketed, albeit with deferred income. The finer points of stock maintenance are probably beyond the scope of this assessment.

Selling 1-year old trees and having a shorter turnover of stock would be more ideal. As such, the prices taken in the research below are focused on maiden trees only. The first three nurseries looked at for pricing (Victoriana, Ashridge and Chris Bowers) are three of the biggest online retailers in the UK, and the fourth is a small business in Leeds, where sales are largely done through local advertising and word of mouth. This was added to give a picture of both larger national and smaller local nurseries. The information is sourced from the companies' respective websites, except the Edible Cities data, which is from a private stock list from late spring 2014.

Victoriana

Fruit trees – Large range of apples, pears, figs, apricots etc, with a standard price of **£18** across the board.

Nut trees – A selection of nut trees, ranging in price from **£9 to £20**.

Fruit bushes – Ranging from around **£9 to £20**.

“Exotic” plants – includes citrus trees and olives, ranging from **£15 to £40**.

Ashridge Trees

Fruit trees – Range of fruit trees, with a standardised price of **£13**.

Nut trees – Tiny saplings for around £3, trees for around **£20**.

Fruit bushes – Small soft-fruit cuttings for around £2. Bushes for **£5 to £7**.

“Exotic” plants – Bay and olive trees for around **£30**.

Chris Bowers

Fruit trees – Large range of fruit tree varieties, **£19 to £25**.

Nut trees – Range of nut trees including almonds and walnuts, **£22 to £27**.

Fruit bushes – Various fruit bushes, **£8 to £12**.

“Exotic” plants – Japanese flowering cherries, **£22 to £28**.

Edible Cities

Fruit trees – A variety sold at **£16 to £20**.

Nut Trees – Not sold.

Fruit bushes – A range of sizes, costing **£4.50 to £8**.

“Exotic” plants – Not sold.

The variations in pricing in the some of the different varieties reflects the ease with which they can be propagated and how much labour is required. For instance most fruit and nut trees will need to be grafted, which means propagating or purchasing rootstocks and the additional labour of grafting, whereas Hazels for instance can be propagated en masse by “stooling” and can therefore be produced easily in larger quantities with significantly less inputs in terms of materials and labour.

From the price lists above, a reasonable average range of guide prices for these products would be:

- Fruit trees: around £18.
- Nut trees: £10 to £20, depending on propagation requirements.
- Fruit bushes: £8 to £12, depending on size.
- Exotic plants: £20 to £30.

Primary Research

I put together a questionnaire and asked a number of people the following questions (after the first qualifying question, “do you have a garden or allotment?”). The final sample was 54 people and these were the results:

Would you be interested in buying fruit trees, nut trees, or fruit bushes for your garden/allotment space?

- Yes – 39 **(72%)**
- No – 15 **(28%)**

Have you heard of the Siberian Pea Tree (a tree that produces peas) or the Japanese “Trifoliate” Orange (a citrus tree you can grow in the UK) ?

- Both – 4 (7.4%)
- Siberian Pea Tree – 8 (14.8%)
- Trifoliate Orange – 12 (22.2%)
- Neither – 30 (55.5%)

Would you be interested in plants like these?

- Yes – 46 (85.1%)
- No – 8 (4.9%)

How much would you expect to pay for a (1 year) fruit of nut tree?

- £10-£15 – 4 (7.4%)
- £15-£20 – 20 (37%)
- £20-£25 – 15 (27.7%)
- £25-£30 – 13 (24%)
- £30 or more – 2 (3.7%)